



USDA Foreign Agricultural Service

# GAIN Report

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## Malaysia

## Sugar

## Annual

## 2005

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**Report Highlights:**

Total Malaysia cane production is expected to drop to 784 TMT in 2005 due to the adverse dry weather conditions. Domestic sugar consumption should revert to the normal growth rate of 4 % in 2005 after a very strong rebound in 2004. The outlook for imports is bright with an expected 2.4 % growth in 2005. Exports of refined sugar to neighboring countries are forecast to increase to 400 TMT in 2005.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Kuala Lumpur [MY1]  
[MY]

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## Executive Summary

Planted area has stabilized to about 16,000 hectares in Malaysia. Cane output is expected to decline by 2 percent in 2005 due to the adverse dry weather condition during the December 04 – March 05 period. Despite a slight improvement in sugar recovery, raw sugar output is expected to decrease to 780,000 MT in 2005. Barring any adverse weather, Post expects cane output to bound back to about 800,000 MT in 2006.

Domestic sugar consumption recovered sharply from the decline experienced in 2003 when the country was impacted negatively by the Severe Acute Respiratory Syndrome (SARS) outbreak. Tourism has been back on its feet and hotels are enjoying high occupancies since 2004. Conventions and seminars are also on the up-trend again. All these developments augur well for sugar consumption in the country. Post expects domestic consumption to grow at the normal rate of 4% in 2005 and 2006. Retail prices for sugar are controlled and remain unchanged at RM1.40(US\$0.37)/kg since March, 2002. The sugar industry has requested the GOM to increase the retail price in view of the uptrend in international prices.

Malaysia is only about 5 percent self-sufficient in domestic sugar production. Malaysia's raw sugar imports from Thailand recorded a 34% growth while Brazil's imports plummeted by 27% in 2004. Imports from Australia dropped 4% but still dominated 44 percent of the market. Post expects sugar imports to grow at a slower pace as sugar refiners work down on stocks during 2005. In view of lower exports from Thailand, Malaysia would turn to other sources such as Australia, South Africa and South America in 2005. Another strong growth in sugar imports is expected in 2006 as tourism is forecast to grow and the food-processing sector is set for further expansion.

Exports of refined sugar dropped 11 percent in 2004. Declines in exports to Indonesia and the Philippines more than offset an increase in shipments to Singapore and Taiwan. Post expects Malaysian total sugar exports to be in the ballpark of 400-420 TMT for the next two years.

### Domestic Market Controls

The GOM does not issue production quotas. Through guaranteed support prices, the three integrated mills are assured of comfortable returns.

### Import Controls

Imports are controlled by import licenses. The GOM also ensures that a fair amount of raw sugar imports is allocated to each of the 3 integrated and 2 non-integrated mills. All raw and refined sugar are not subject to import tariff.

### Export Support

The GOM controls exports through licensing. On rare occasions, the GOM had stopped issuing export licenses in order to ensure adequate supply within the country.

### Non-transparent Support

The GOM does not give financial aid or indirect long-term support. Two companies folded 20 years ago and the GOM generally discourages new sugar venture(s) in the country.

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998.

PSD Table: Sugar Cane for Centrifugal

<b>PSD Table</b>						
<b>Country</b>	<b>Malaysia</b>					
<b>Commodity</b>	<b>Sugar Cane for Centrifugal</b>				<b>(1000 HA)(1000 MT)</b>	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		01/2004		01/2005		01/2006
Area Planted	0	16	0	16	0	16
Area Harvested	0	12	0	12	0	12
Production	0	800	0	784	0	800
TOTAL SUPPLY	0	800	0	784	0	800
Utilization for Sugar	0	800	0	784	0	800
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	0	800	0	784	0	800

PSD Table: Centrifugal Sugar

<b>PSD Table</b>						
<b>Country</b>	<b>Malaysia</b>					
<b>Commodity</b>	<b>Sugar, Centrifugal</b>				(1000 MT)	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		01/2003		01/2004		01/2005
Beginning Stocks	130	130	145	163	150	151
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	80	79	80	78	0	80
TOTAL Sugar Production	80	79	80	78	0	80
Raw Imports	1500	1484	1595	1520	0	1610
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	1500	1484	1595	1520	0	1610
TOTAL SUPPLY	1710	1693	1820	1761	150	1841
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	450	365	500	400	0	420
TOTAL EXPORTS	450	365	500	400	0	420
Human Dom. Consumption	1115	1165	1170	1210	0	1260
Other Disappearance	0	0	0	0	0	0
Total Disappearance	1115	1165	1170	1210	0	1263
Ending Stocks	145	163	150	151	0	158
TOTAL DISTRIBUTION	1710	1693	1820	1761	0	1841

## Imports Trade Matrix: Centrifugal Sugar

<b>Import Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Sugar, Centrifugal		
Time Period	Jan-Dec	Units:	TMT
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Australia	675	Australia	647
Thailand	452	Thailand	607
Brazil	117	Guatemala	88
Guatemala	84	Brazil	86
South Africa	45	South Africa	41
Belize	32	India	10
China	1	Indonesia	3
		China	2
Total for Others	1406		1484
Others not Listed			
Grand Total	1406		1484

## Export Trade Matrix: Centrifugal Sugar

<b>Export Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Sugar, Centrifugal		
Time Period	Jan-Dec	Units:	TMT
Exports for:	2003		2004
U.S.		U.S.	
Others		Others	
Indonesia	266	Indonesia	187
Singapore	105	Singapore	128
Philippines	17	Philippines	13
New Zealand	13	New Zealand	12
Australia	7	Taiwan	11
Hong Kong	2	Australia	5
Cambodia	1	Bangladesh	2
		Hong Kong	2
		Russian	1
		Cambodia	1
Total for Others	411		362
Others not Listed			3
Grand Total	411		365